

Message Text

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E.O. 11652: N/A

TAGS: ETRD EGEN US UR XT JA

SUBJ: PROTEST OF RENTAL INCREASES ON HOTEL SPACE OCCUPIED
BY FOREIGN FIRMS IN MOSCOW

REF: A) STATE 168463 B) MOSCOW 9895

1. HANDLING OVER NOTE IN INTERVIEW AUG 24 WITH GEORGIY KORNIYENKO, CHIEF USA DIVISION MFA, I TOOK UP ISSUE OF DISCRIMINATORY HOTEL RENTALS CHARGED FOREIGN BUSINESS REPRESENTATIVES, EXPLAINING WASHINGTON CONCERN, COMMENTING ON NEED FOR PROMPT RESOLUTION OF THE PROBLEM IN VIEW EXPANDING ECONOMIC TIES AND URGING ROLLBACK OF INCREASES OR PROVISION OF OTHER SUITABLE SPACE AT REASONABLE PRICES.

2. KORNIYENKO LISTENED IMPASSIVELY, COMMENTING FINALLY THAT HE WAS UNAWARE OF PROBLEM, BUT WOULD LOOK INTO IT AND REJECTING POSSIBILITY THAT SOVIET UNION WOULD "DISCRIMINATE" FOR OR AGAINST ANY SINGLE COUNTRY OR ENTERPRISE.

3. DURING CONVERSATION. I BROUGHT SUBJECT UN SPECIAL COMMITTEE OF 24 MEETING ON PURERTO RICO, EMPHASIZING THAT U.S. REGARDS THE DISCUSSION AS INTERFERENCE IN INTERNAL AFFAIRS OF U.S. AND PUERTO RICO, AND MENTIONING THAT I EXPECTED TO DISCUSS MATTER WITH V.L. ISRAELYAN, CHIEF OF
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INTERNATIONAL ORGANIZATIONS DIVISION, IN A FEW MINUTES.

4. TEXT OF NOTE ON BUSINESS RENTALS AS DELIVERED IS AS
FOLLOWS:

QUOTE. NO.972. THE EMBASSY OF THE UNITED STATES OF
AMERICAN WISHES TO DRAW THE MINISTRY'S ATTENTION TO CERTAIN
EVENTS PREJUDICIAL TO THE CONTINUED DEVELOPMENT OF MUTUALLY-
BENEFICIAL COMMERCIAL AND ECONOMIC RELATIONS BETWEEN THE
UNITED STATES OF AMERICA AND THE UNION OF SOVIET SOCIALIST
REPUBLICS.

IT IS THE EMBASSY'S UNDERSTANDING THAT WITH EFFECT FROM
AUGUST 1 RENTAL CHARGES FOR SPACE IN MOSCOW HOTELS OCCUPIED BY
SOME AMERICAN TOURISTS AS WELL AS REPRESENTATIVES OF UNITED
STATED BUSINESS FIRMS WERE INCREASED DRASTICALLY, IN CERTAIN
INSTANCES BY MORE THAN TWO HUNDRED PERCENT. THE INCREASES
WERE GENERALLY IMPOSED WITHOUT PRIOR NOTICE.

THE EMBASSY CANNOT REGARD SUCH DISCRIMINATORY MANIPULATION
OF HOTEL COSTS FOR SOME FOREIGN INDIVIDUALS AND FIRMS IN MOSCOW
AS HELPFUL IN STRENGTHENING EITHER TOURISM OR COOPERATION
BETWEEN COMMERCIAL AND ECONOMIC ENTERPRISES OF THE TWO COUN-
TRIES. THE EMBASSY IS SURPRISED THAT IN VIEW OF THESE
INCREASINGLY FAVORABLE BUSINESS TIES WHICH OUR TWO NATIONS
HAVE PLEDGED THEMSELVES TO FURTHER, THE SOVIET AUTHORITIES
SHOULD SEE FIT UNILATERALLY TO IMPOSE SUCH INCREASES IN
RENT. IN THIS CONNECTION, THE EMBASSY REFERS THE MINISTRY
TO THE LETTER OF SOVIET MINISTER OF FOREIGN TRADE
PATOLICHEV TO UNITED STATES SECRETARY OF COMMERCE PETERSON,
DATED OCTOBER 18, 1972. SUCH RENT INCREASES MAY ADVERSELY
AFFECT THE ABILITY OF AMERICAN COMPANIES TO MAINTAIN AN
EFFECTIVE PRESENCE IN THE SOVIET UNION.

THE EMBASSY WOULD THEREFORE BE GRATEFUL IF THE MINISTRY
WOULD REQUEST THE APPROPRIATE SOVIET AUTHORITIES URGENTLY
TO CONSIDER RESCINDING THESE INCREASES OR OFFERING FOREIGN
COMMERCIAL ENTERPRISES ALTERNATIVE HOUSING AT EQUITABLE
RENTALS. END QUOTE
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